

Commissioner Piebalgs calls on oil producing and consuming countries to bring barrel prices down

Speaking in Jeddah (Saudi Arabia), at today's summit on oil prices, Energy Commissioner Andris Piebalgs has called producing and consuming countries to jointly take measures with the clear objective of bringing oil prices down. "Oil prices over 100\$ are damaging for both consuming and producing countries. We have a common interest to work as a partnership to reduce volatility in the markets and bring oil prices back to sensible levels. We need to act together to return confidence and stability to the world economy and prevent recession", said Commissioner Piebalgs. "This can only be done by addressing market fundamentals. Oil producing countries should increase both production and investment in new production capacity. Consuming countries should push strongly on energy efficiency; ensure that emergency stocks are at high levels and combat market speculation. With determined action on all these fronts, we can bring the price of barrel to a reasonable level", he added.

Commissioner Piebalgs accepted an invitation by Saudi Oil Minister Al Naimi to attend the Oil Prices Summit organised by Saudi Arabia today. Most large producing and consuming countries, as well as the IEA, major international oil companies, and major banks have participated at ministerial and top executive level. The price of crude oil surpassed another all-time record last week with a peak at \$ 139/barrel. Over the last three years, prices in US\$ have more than tripled.

European Commission's action to combat high oil prices

In September 2005 Commissioner Piebalgs presented a five-point plan to combat high oil prices, which at the time were around 65\$ per barrel. Since then there have been a series of new proposals to meet this challenge. These measures include:

- the draft directive guaranteeing 20% renewables in our final energy consumption by 2020 and the increased consumption of sustainable energy in the transport sector which include the commitment of the European Council to ensure that 10% of EU transport is powered by renewable fuel by 2020 into practice. This 10% can be covered by biofuels, or electricity from renewable sources.
- new rules to expand and strengthen the EU Emissions Trading System, ensuring that we meet our target of a 20% greenhouse gas reduction by 2020;
- a new proposal requiring car producers to reduce the average CO2 production in the vehicles they produce and the Fuel Quality Directive that will oblige oil suppliers to reduce the CO2 in the products that they sell;

- last but not least, the Energy Efficiency Action Plan, covering all economic sectors, at all levels, from the International Partnership for Energy Efficiency Cooperation, to the Covenant of Mayors at the local level, to specific measures like labelling of consumer goods or requirements for the energy efficiency of buildings. Practically all of these measures were already cost effective at 60\$ per barrel of oil and are hugely beneficial to Europe's economy and individual citizens at today's oil prices.

In the future the Commission will take further action to respond to these ever higher oil prices including:

- Continuing the work at international level, notably promoting constructive dialogue between the main oil producing and consuming countries and promoting the development of a Producer-Consumer Partnership. The Jeddah meeting and the EU meeting with OPEC next 24th of June are part of these measures.
- Scrutinizing the functioning of the oil and petroleum markets in the EU and making suggestions for possible further actions, for example with respect to transparency or oil stocks in the second Strategic Energy Review later this year;
- Assisting developing countries that are dependent on oil imports to mitigate short term impacts of high fuel and food prices and to bring about structural improvements in their energy efficiency performance and use of alternatives fuels; and
- Finally, leading efforts in an increased drive for Energy Efficiency at home and internationally. This remains the Commission's highest energy priority for the remainder of this term. This will include better legislation internally in the EU, but also pushing for a more effective international energy efficiency partnership which was formally adopted last week at the G8 Energy Ministerial in Japan.